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The Evaluation and Suggestion about Minimum Wage Protection System in China

L'ÉVALUATION ET LA SUGGESTION AU SUJET DU SYSTÈME DE PROTECTION DU SALAIRE MINIMAL DE CHINE

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Abstract: There are many questions about China's minimum wage protection system, such as Overall level is low; The growth rate of minimum wage is more slowly than economic growth and the growth of average wage in society; Adjusting amplitude is inconsistent and lack of standardized basis; Enforceability is not strong; Executive range puts too much emphasis on "month minimum wage" instead of "hour minimum wage"; Legislative level is low and so on. In view of the above questions, the paper puts forward the following suggestions: We should actively promote salary collective consultation system and give enough rights trade union to play an important role in establishing and perfecting a minimum wage protection system; Establish dynamic adjustment mechanism of minimum wage standard; Raise legislative level of minimum wage protection system and improve legislation, enforcement and legal supervision system; Strengthening unified management of the labor market in order to solve problems of minimum wage protection system from the source.

Key words: Minimum wage protection system; Minimum wage standard; Salary collective consultation system

Résumé Il y a de nombreuses questions sur le système chinois de protection des salaires minimaux, tels que: Le niveau général est faible, le taux de croissance du salaire minimal est plus lente que la croissance économique et la croissance du salaire moyen dans la société; l'amplitude de réglage est incohérente et manque en base standardisée; exécutoire n'est pas forte; la large exécutif se met trop l'accent sur "le mois salaire minimum "au lieu de" salaire minimum d'une heure ", le niveau législatif est faible, et ainsi de suite. Compte tenu des questions ci-dessus, le document met en avant les suggestions suivantes: Nous devrions promouvoir activement salaires système de consultation collective et donner suffisamment de droits syndicaux à jouer un rôle important dans l'établissement et le perfectionnement d'un système de salaire minimum de protection; Etablir un mécanisme d'ajustement dynamique de minimum norme salariale; Augmenter le niveau législatif du système de protection des salaires minimum et améliorer la législation, l'application et le système de supervision juridique; renforcement de la gestion unifiée du marché du travail afin de résoudre les problèmes du système de salaire minimum de protection de la source.

Mots clés: Le système de protection du salaire minimal; De la norme du salaire minimum; Le système de consultation en salariale collective

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Minimum wage protection system is the important part of social security system and is a kind of management system which can better realize primary distribution and redistribution and ensure the basic life of laborers and their family members, meantime, It also is an important measures protecting lawful rights. China is currently in economic system transformation lacking of laws, regulations and ideological value system for market economy. Business concept of many enterprises especially private enterprise is still simple profit maximization. Driving by the target many enterprises try to

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reduce costs and the rights and interests of labors in vulnerable groups are violated. It is becoming more and more important to organize and implement good minimum wage protection system.

1. THE BASIC SITUATION OF MINIMUM WAGE PROTECTION SYSTEM IN CHINA

China promulgated "regulations on minimum wages for enterprises" which was sent by labor department in November 1993; In July 1994 we promulgated "Labor law of the People's Republic of China" in order to further specify the minimum wage standard legal position; In October 1994 promulgated "inform concerning the implementation of the minimum wage protection system" sent by the labor department[1994] and "salary pays regulations" and other supporting regulations; In January 2004 labor and social security ministry issued "the regulations on minimum wages" and modified and added "the regulations on minimum wages for enterprises" issued by original labor department; To the present 28 provinces in the country have been released minimum wage standard for this area, initially forming a minimum wage protection system. The current minimum wage protection system plays an positive role in ensuring the lawful rights and interests of workers.

2. OVERALL EVALUATION ON IMPLEMENTATION OF MINIMUM WAGE PROTECTION SYSTEM IN CHINA

China currently are scrambling to "turn mode, adjustable structure", and focus on expanding consumer demands. Facing the new situation, it is becoming more and more urgent to improve people's incomes and expand the consumer demands. However, the "four low" question in income in China is more serious: first is the growth of wage of the whole society slower than economic growth; second is enterprise wage growth slower than administrative institutions wage increase; third is nonpublic enterprises especially private enterprise's salary increase below the state-owned enterprises and monopoly enterprises pay increase; fourth is enterprise minimum wage standard growth below the whole society of average wage real growth. These problems lead to enterprise salary far below the average wage of the whole society and the enterprise minimum wage protection system without effective implementation. Our economy develops rapidly, however, income of workers who make great contribution to economic development does not rise. Some enterprise, even don't raise wage in many years causing the achievements of development not sharing. It is a serious kind of unjust distribution. Low wage in enterprise is not only social problems of unfair distribution but also economic problems which hinders changes of economic development mode.

There are many problems about minimum wage protection system according to requests of social security system adjusting our economic development.

2.1 Overall Level of Minimum Wage Standard is Low

Generally speaking, international month minimum wage standard equals 40%-60% of average wage of the entire society. However, most regions in China fails to achieve this level and stay far away from this level. See table 1.

Table 1: The Comparison between Minimum Wage Standard of Related Provinces and Average Wage of the Entire Society

<u>region</u>	<u>The median of month minimum wage standard(vuan/month)</u>	<u>average wage of the entire society</u>	<u>the ratio between month minimum wage standard and average wage of the entire society (%)</u>
Shang Hai	960	3564.5	26.93
Zhe Jiang	815	2290	35.59
Guang Dong	770	3420	22.51
Bei Jing	800	4037	19.82
Jiang Su	700	2990.83	23.40
Xin Jiang	595	1350	44.07
Xi Zang	680	4062.5	16.74
Tian Jin	920	4299	21.40
Shan Dong	620	2474	25.06
He Bei	640	2365.25	27.06
Inner Mongolia	590	2606	22.64
Liao Ning	540	2592	20.83
Fu Jian	650	2389	27.21
Hu Bei	560	2031.33	27.57
Hei LongJiang	500	3171	15.78

To be continued

Continued

region	The median of month minimum wage standard(yuan/month)	average wage of the entire society	the ratio between month minimum wage standard and average wage of the entire society (%)
Si Chuan	550	1932.58	28.46
Shan Xi	645	2387.42	27.02
Hu Nan	570	2274	25.07
Hai Nan	530	2078	25.51
Yun Nan	610	2250	27.11
Ji Lin	600	2185.83	27.45
Guang Xi	550	2358.5	23.32
He Nan	550	2070	26.57
Gan Su	560	2524.42	22.18
Shan Xi	540	2524	21.39
An Hui	480	2206	21.76
Jiang Xi	480	2058	23.32
Ning Xia	530	2840	18.66
Chong Qing	560	2284	24.52
Gui Zhou	600	2353.75	25.49

2.2 The Growth of Minimum Wage Standard is Significantly Slower than Economic Growth and the Growth of Local Workers' Average Wage

With the development of economy and society, each province raises the minimum wage standard, however, The growth is not only slower than economic growth but also slower than the growth of local workers' average wage. The growth rate of minimum wage standard in most provinces in China is significantly below the growth rate of per capita GDP. Only three provinces (Liao Ning, Hai Nan, He Nan) equals the growth rate of per capita GDP. The ratio the ratio between month minimum wage standard and average wage of the entire society reduces due to the minimum wage low growth speed. This makes labors can not enjoy the achievements of economic and social development at the first time against the request of the socialist essence.

2.3 The Adjustment of Minimum Wage Standard is Inconsistent and Lack of Standardized Basis

According to the situation of related province ,some areas have been not adjusted minimum wage standard for many years; some areas make slight adjustments; some areas make big range adjustments. From the surface the situation of adjustments depend on the fact of each province, but actually each province only goes their own way and lack of regulated basis. This results in big differences of minimum wage standard among different areas. Laborers do not know the reasons of adjusting minimum wage, the basis of adjustment and the reasons that some areas do not adjust but some areas make big changes, let alone for laborers' opinions. This shows that there are many deficiency in safeguarding the legitimate rights and interests of laborers. For the areas not adjust wage for many years, the minimum laborer reward s do not obtain corresponding enhancement with the rapid development of economy and society and the continued rising of enterprise profits and consumer prices. This shows that laborers do not enjoy the achievements of economic development which essentially abuse and exploit the interests of laborers.

2.4 Executive Range of Minimum Wage Protection System Puts Too Much Emphasis on "Month Minimum Wage" Instead of "Hour Minimum Wage"

"Minimum wage regulations": "month minimum wage standard" in China adapts to full-time workers and "hour minimum wage standard" adopts to part-time workers. However, in actual society, the phenomenon of overtime work generally exists. If we measure all kinds of wage according to "month minimum wage standard", the interests of laborers who often work overtime can not be safeguarded efficiently. As is known to all, working hours of full-time workers are different, however, "month minimum wage standard" can not shows the differences. It is unfair to laborers and employers and it reduces the employees' positivity of executing minimum wage protection system and enforcement of minimum wage system.

2.5 The Propaganda and Execution of Minimum Wage Protection System is not Enough

Many laborers don't know minimum wage protection system because of not enough propaganda. They do not clear about the content of the minimum wage and they do not safeguard their legitimate rights and interests when their wage is below minimum wage standard. The most outstanding performance is in "peasant workers' wages standard and payment. Many enterprises especially private enterprises don't comply with the minimum wage regulations and related laws and regulations and they often reduce laborers' wage and delay payment as soon as possible.

2.6 Legislation of China's Minimum Wage Protection System is Quite Low, and its Enforceability is Poor

At present, "minimum wage regulation" belongs to department level. Many aspects pay poor enough attention to it because of its low level. The disciplinary measures of the regulation are unilateral. The measures are only for illegal behaviors of employees, however, there are no regulation for the responsibility of government. Labor unions at all levels should check execution situation of minimum wage protection system and urge them to execute but actually the function of labor union do not play out.

3. THE SUGGESTION OF PERFECTING MINIMUM WAGE PROTECTION

Minimum wage protection system has become China's important labor safeguard system. How to play the role of minimum wage protection system, better protect the interests of laborers and serve for harmonious development of economy and society? The author thinks that we must adopt corresponding countermeasures aiming at the existing problems:

3.1 Establish Dynamic Adjustment Mechanism of Minimum Wage Standard and Make Sure that Minimum Wage Standard Timely and Reasonably Adjust According to the Region's Economic and Social Development

(1) Measure minimum wage standard using a variety of methods. At present, minimum wage protection must adjust according to the development of economy and society at least once a year. There are many methods to set minimum wage standard, such as Proportion method, the engel coefficient method, necessities law and international income proportion method, super necessities eliminate method, life situation analysis, accumulative method, classification and integrated computation method and so on. In the adjustment process, we should measure minimum wage standard by different methods according to the local economic and social development, employment status, worker average wage, consumer price index, laborer minimum standard of living and payment for society insurance and compare and repeatedly verify different methods and results to set methods that are Suitable for local economy development. At present, minimum wage standard is set by province. The minimum wage standard set by province could not reflect actual condition of each district, therefore, we suggest that minimum wage standard be set by county.

(2) Adjustment procedures of minimum wage standard carry out the principle of transparency. We should announce that the reason of adjustment, measuring method, the basic index and conversion coefficient. When have to change the adjustment method meeting special condition, we should hold hearings, widely ask for advice and adopt reasonable proposals. Minimum wage standard which is determined have to check by the National People's Congress in order to enhance the authority of minimum wage protection system. Once confirmed the minimum wage standard, we should strengthen the propaganda and make sure that business operators can consciously practice minimum wage protection system and laborer can protect their own rights and interests.

3.2 Enlarge Safeguard Range of Minimum Wage

Minimum wage standard applies to the People's Republic of China enterprise, a people-run and non-enterprise unit, industrial and commercial units and laborers who have formed laborer relationship according to current minimum wage regulation in China. Many laborers who do not belong to the range can not enjoy minimum wage protection system. So we should enlarge safeguard range of minimum wage to all laborers.

3.3 Actively Promote Salary Collective Consultation System

Minimum wage standard is a "bottom line" that laborers obtain the wage remunerations. The actual salary should be higher than this article "bottom line". But the amplitude higher than the "bottom line" depends on the employing unit and laborers "bargain" game. However, laborers are weak in the "bargain" game. Therefore we should legislate on salary collective consultation system as soon as possible. Meanwhile, the government should promptly declare local worker average wage and average wage of each industry in order to provide reference for salary collective consultation system.

3.4 Raise the Legislation Level of Minimum Wage Protection System and Improve Legislation, Enforcement and Legal Supervision System

China's current "minimum wage regulations" belongs to the ministerial rules. The setting of clauses, the corresponding disciplinary measures and relevant regulation are not strict. Also it lack of other measures and its execution and binding

are not strong. We should raise the legislation level and put the minimum wage protection system construction into normal legalized track and enhance the mandatory of minimum wage. Meanwhile, we should set enforcement and legal supervision system which combine a government labor department, worker unions and all society. The government labor department establishes supervision institutions of wage in order to strengthen propaganda and supervision of minimum wage protection system and establishes the supervising and warning system and carry out dynamic warning. We not only check whether the actual enterprise salary level is consistent with minimum wage standard, but also check the percentage of wage is in corporate profits and urge enterprise to raise wage with raising of enterprise profit. Worker unions attend legal supervision of minimum wage protection system by cooperation with the grassroots organizations and laborer and extensive social from all walks of life make public supervision in order to ensure the implement of minimum wage protection system.

3.5 Strengthen Unified Management of the Labor Market

At present many enterprises especially private enterprise hire laborers privately without labor contract and insurance. This leads to a lot of problems. The author suggests that the government should issue relevant regulations. The regulation regulate that all enterprises and individual business hire laborers from labor market and register their own employment situation to labor management department. Labor management department carry out dynamic supervision and tracking management and strictly attack illegal behaviors without labor contract, insurance in order to solve problems of minimum wage protection system from headstream.

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